

**TESTIMONY
OF
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BEFORE
SENATE FOREIGN RELATIONS COMMITTEE
SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS
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Introduction

Mr. Chairman, thank you for this opportunity to appear before you and other Members of the Committee to discuss with you the Administration's policy toward the Democratic People's Republic of Korea.

As you know, last September, Dr. William Perry sent to the President a classified report of findings and recommendations resulting from his ten month-long review of U.S. policy toward the DPRK. This report was presented to the Hill at about the same time. An unclassified version of the report was also circulated widely. I was privileged to be a part of the policy review team. I am the government official who worked most closely with Dr. Perry, and I chair an interagency working group that is responsible for government-wide implementation of the Perry report recommendations.

Context

Mr. Chairman, I think we agree that the Korean Peninsula remains one of the most volatile areas in the world. On the peninsula, the Cold War still endures. There is no peace, but an armed truce. North Korea maintains an army of one million forward deployed at the DMZ. We have been thoroughly engaged with our allies in the region, the Republic of Korea and Japan, as we address the challenges posed by the continued division of the peninsula. For more than 45 years, we, standing together with our ROK allies, have helped maintain peace and security on the peninsula, often in difficult and unpredictable circumstances. We remain committed to achieving lasting peace and stability on the peninsula and the presence of 37,000 U.S. troops in the South is a tangible demonstration of that commitment.

The Agreed Framework and its Challenges

Six years ago, you will recall, the DPRK's pursuit of a nuclear weapons program dangerously raised tensions, with U.N. sanctions a likely outcome that the DPRK said would be tantamount to war. Fortunately, the conclusion of the Agreed Framework in 1994 provided a means to address our concerns about the North's nuclear activities at Yongbyon and Taechon. These facilities would have provided the DPRK the surest and quickest path to an established nuclear weapons capability. In exchange for DPRK agreement to freeze those facilities under international monitoring, we agreed to arrange

for the provision of two proliferation-resistant light-water nuclear reactors to the DPRK and of heavy fuel oil (HFO) to meet the North's energy needs until the first of these reactors is finished. The facilities at Yongbyon and Taechon have remained frozen since that time and will eventually be dismantled. The spent fuel containing enough plutonium for perhaps a half-dozen nuclear weapons is under seal and IAEA monitoring. It will eventually be removed from the DPRK. Canning and securing the spent fuel is virtually complete. Had we not had frozen the DPRK plutonium production, today the DPRK would be well on its way to having a nuclear program capable of producing dozens of nuclear weapons. Preserving the accomplishments of the Agreed Framework is strongly in the U.S. national interest and remains a cornerstone of stability on the peninsula.

In 1998, however, we found ourselves again in protracted negotiations with the DPRK to gain access to a site at Kumchang-ni that we suspected might be involved in nuclear weapons-related activities. If confirmed, the existence of such activities would have violated the Agreed Framework and jeopardized its continued viability. A visit to the site last May demonstrated that it was not involved in such activities, and we shall send a team back to Kumchang-ni this spring to assure this is still the case. The experience nonetheless demonstrated the need for a mechanism to address similar concerns -- should they appear in the future -- at least until such time as the DPRK comes into full IAEA compliance under the terms of the Agreed Framework.

Separately in 1998, North Korea fired a Taepo Dong I missile over Japan in an apparent failed attempt to launch a satellite. Even though missile controls are not part of the Agreed Framework, this test firing, rightly so, provoked a storm of protest in both the United States and Japan, and led to calls in both countries to end support for the Agreed Framework. There is no doubt in my mind, however, that had we aborted the Agreed Framework, the DPRK would have responded by reopening its nuclear facility at Yongbyon. This would have placed it in a position to resume production of weapons-grade plutonium and, eventually, to arm its missiles with nuclear warheads -- the worst of all possible worlds.

The Perry Review and its Conclusions

During that tense and dangerous period in 1998, the Congress called for a review of U.S. policy toward the DPRK. President Clinton also believed that a thorough policy review was in order and asked Dr. Perry to assemble a team to conduct one. Over the course of ten months of study and consultation, we met with experts inside and outside the United States Government. We traveled to the Capitol to give regular status reports to Congress, and we benefited from comments and insights received from members of Congress and staff as we developed our ideas. We traveled several times to East Asia to consult with our allies in the Republic of Korea and Japan, and with China's leaders. We also exchanged views with the EU, Australia, and other interested countries. We visited Pyongyang to share our views with members of the DPRK leadership. As a result of these consultations and efforts, Dr. Perry reached four key conclusions (among others)

that essentially drove the recommendations that were made, and which he presented to the President and to the Congress last September:

- First, the military correlation of forces on the Korean Peninsula strongly favors the allied forces, even more than during the 1994 crisis. And, most importantly, this is understood by the government of the DPRK. Therefore, deterrence is strong. But that deterrence could be undermined by the introduction of nuclear weapons, especially nuclear weapons on ballistic missiles.
- Second, there has been no production of fissile material at Yongbyon since the Agreed Framework came into force. But production at this site could restart in a few months if the Agreed Framework were aborted. Ending the freeze at Yongbyon remains the surest and quickest path for North Korea to obtain nuclear weapons.
- Third, a security strategy based on the Agreed Framework has worked well these past five years. But this strategy is unsustainable in the face of continued DPRK firings of long-range missiles, since the firing of these missiles undermines the necessary support for the Agreed Framework.
- Finally, economic hardship has caused great privation to the common people of North Korea, but is unlikely to weaken the regime. Consequently, we must deal with the DPRK as it is, not as we might wish it to be.

Perry Report Recommendations

After considering a number of policy alternatives, and in close consultation with our ROK and Japanese allies, Dr. Perry recommended a strategy that focused on U.S. security concerns over DPRK nuclear weapons- and missile-related activities as our highest priority. We of course recognize that other issues also warrant our serious attention, and plan to address these matters as well as relations between our two countries improve. The strategy recommended by Dr. Perry envisioned two paths. On the first path, the U.S. would be willing to move step-by-step toward comprehensive normalization of relations if the DPRK was willing to forgo its nuclear weapons and long-range missile programs. Alternatively, however, if North Korea did not demonstrate its willingness -- by its actions --to remove these threats, the U.S. would take action to contain them. Our already strong deterrent posture would have to be further strengthened.

We recognize that successful execution of either strategy requires the full participation of our ROK and Japanese allies. Because the second path is both dangerous and expensive, the first alternative is obviously preferred by both us and our allies.

Here, let me underline a central conclusion of our review: the importance of close coordination with our allies.

I am pleased to say that coordination among the three allies is stronger than at any time in the past, and I believe this has been one of the most important achievements of the Administration's policy toward North Korea. This accomplishment is largely the result of the newly instituted Trilateral Coordination and Oversight Group, or TCOG, created nearly one year ago to ensure more frequent, close consultation among the United States, South Korea and Japan at the sub-cabinet level. Allied support for the U.S. approach remains strong, in part because the Perry report is in essence a joint project. We have met nine times trilaterally with the ROK and Japan in the past year, including a meeting of foreign ministers and a summit meeting. We plan to meet again soon. In late January, I visited Seoul and Tokyo, during which I met with President Kim Dae-jung, participated in a TCOG meeting and met with Japanese leaders. During our discussions, President Kim again expressed his full support for our policy as complementary to his own policy of engagement. We, in turn, fully concur with President Kim's view that North-South dialogue remains the key to ultimate peace on the peninsula. Similarly, in the context of this coordinated trilateral approach, Japan in recent months has reengaged with the North. As always, none of us are under any illusions, and we pursue all of these efforts on a solid foundation of deterrence. Deterrence is fundamental to our diplomatic approach to the DPRK.

There are increasing signs that other members of the international community are prepared to increase their contacts with the DPRK as the DPRK addresses the international community's legitimate concerns. Italy has established diplomatic relations with the DPRK; the Australians and the French both recently sent delegations to Pyongyang; the Philippines is considering establishing relations; and Japan is moving ahead. We are consulting closely with our friends and allies on North Korea policy to ensure that our approaches are coordinated.

However, it takes two to tango. Therefore, the success of Dr. Perry's first path depends on full cooperation from **both** sides. North Korea needs to understand and demonstrate its acceptance of the opportunities before it.

Following the death of Kim Il Sung in 1994, the DPRK went through what some observers surmised was a period of political uncertainty. The structural flaws of its economic system were exacerbated by several years of natural disasters and the economy has continued to falter. Nonetheless, Kim Il Sung's son and successor, Kim Jong Il remains firmly in control. We only hope that the DPRK under his leadership will seize the opportunities before it to address issues of mutual concern and to move its relationship with the U.S., the ROK, and Japan more rapidly down the path toward normalization.

Recent Developments

Since Dr. Perry appeared before your committee last October, there have been significant developments in our relationship with the DPRK. Last September, as you recall, the DPRK announced its intention to refrain from long-range missile tests of any kind while high-level discussions were underway to improve relations between our two countries.

This was a small but important first step in dealing with our proliferation concerns. On September 17, President Clinton announced his intention to ease sanctions on the import and export of non-strategic commercial and consumer goods; allow direct personal and commercial financial transactions between U.S. and DPRK persons; ease restrictions on investments; and allow U.S. ships and aircraft carrying U.S. goods to call on DPRK ports. The Administration is well along in the bureaucratic process of revising the relevant regulations to implement this Presidential decision. More recently, the North also indicated its intention to accept the invitation extended by Dr. Perry during his May 1999 visit to Pyongyang for a reciprocal visit to Washington by a high-level DPRK visitor.

In November, and again in January, Ambassador Charles Kartman met in Berlin with his DPRK counterpart to pursue discussions aimed at realizing this high-level visit. From March 7 to March 15 in New York, Ambassador Kartman and Vice Foreign Minister Kim Gye Gwan held their third round of preparatory talks for the high-level visit. They did not complete their work, and the DPRK has agreed to schedule further preparatory talks. The DPRK also agreed in New York to recommence talks related to our concerns on the DPRK's missile program and to begin a new negotiation on implementation of the Agreed Framework. As you know, as part of the positive path outlined in his report, Dr. Perry proposed two sets of talks to deal with our continuing concerns about DPRK missile-related and nuclear weapons-related activities. Finally, the DPRK reconfirmed its agreement for another U.S. visit to Kumchang-ni.

In our talks, we have discussed our concerns about the DPRK's association with international terrorism, which warranted its inclusion on our list of state sponsors of terrorism. Confronting terrorism, on a worldwide basis, remains a high priority for the Administration. We have begun to reengage the DPRK in a serious way in negotiations aimed at stipulating the DPRK actions required for its removal from the terrorism list. Just as in our other dealings with the DPRK, we are under no illusions of speedy progress, but believe progress is possible with cooperation on both sides.

The High-Level Visit

Negotiations leading to the DPRK high-level visit have been difficult -- as are all negotiations with the DPRK -- and they continue. Nonetheless, we and our allies remain convinced that the visit would advance our interests. We view the visit as an opportunity for both sides to demonstrate their intention to proceed in the direction of a fundamentally new relationship. It would be an important, but modest, step; and we would make clear to the DPRK that, as it moves to address our security concerns, we are prepared to reciprocate by taking other steps to improve ties with the DPRK.

Let me emphasize that the DPRK's September expression of restraint in testing long-range missiles was only a single step. Our continuing talks will give us the venue to address our broader agenda of concerns.

Continuing Relevance of the Agreed Framework, Four Party Talks

As we move forward in our relations with North Korea, the Agreed Framework will remain central to our policy toward the DPRK. As I stressed before, the Framework continues to be our best means of capping and eventually eliminating the threat of DPRK nuclear weapons.

KEDO is now ready to move forward with actual construction of the two proliferation-resistant, light-water nuclear reactors. As you know, South Korea and Japan are shouldering the major burden for this ambitious project. Last December KEDO and KEPCO, the South Korean prime contractor, concluded the Turnkey Contract for the project. More recently, South Korea and Japan separately concluded all arrangements necessary to finance the project. South Korea and Japan are committed, respectively, to providing 70 percent of the actual costs and the yen-equivalent of \$1 billion, based on a current estimated cost of \$4.6 billion. Since the Turnkey Contract became effective, South Korea has disbursed nearly \$120 million, and Japan over \$51 million, to KEPCO, the prime contractor for the project. Disbursements will reach close to 450 million dollars by the end of the first construction year. As I indicated earlier, faithful implementation of the Agreed Framework – by all sides – is critical to keeping the DPRK's nuclear activities at Yongbyon and Taechon frozen, and to the maintenance of stability on the peninsula. The Administration is doing its best to fulfill its Agreed Framework commitment to help provide heavy fuel oil (HFO).

Congress's enduring support for the Agreed Framework remains essential if we are to be able to live up to our side of the bargain. In doing so, we will of course continue to hold the DPRK to its own obligations and commitments under the Agreed Framework, including the rapid completion of spent fuel canning, and resumption of North-South dialogue. As I said earlier, we fully recognize the centrality of the North-South role in resolving issues of peace and stability on the peninsula.

In that same regard, we remain committed to the Four Party Talks as the primary venue for discussing the replacement of the armistice with a permanent peace regime. We have pressed the DPRK to resume the Four Party Talks in the near future.

The Food Situation in the DPRK

The food situation in the DPRK remains grim and malnutrition remains a chronic problem. As you know, the United States committed last year to provide 400,000 metric tons of food aid to the DPRK in response to an appeal from the World Food Program (WFP). This assistance is targeted on the most vulnerable population in the DPRK, including its women and children, and the elderly. This assistance is provided only in response to demonstrated need and is monitored by the WFP's resident monitors through its network of offices. The U.S. government also donated an additional 100,000 tons through a new program called "the potato project." In this project, U.S. PVOs, under an agreement with the North Korean Flood Damage Reconstruction Committee, conducted a seed potato multiplication project and distributed and monitored the humanitarian food

aid the U.S. government provided. We are satisfied that there is no significant diversion of food assistance to non-target populations in either program. Indeed, there is ample evidence to confirm that U.S. humanitarian assistance to North Korea continues to reach those for whom it was intended.

We understand that the harvest this past fall may have been only marginally better than the previous year's, and that the DPRK will continue to have a food shortfall in the range of 1.2 million tons. The international community will be called on again to cover a large part of this shortfall in order that the food situation not be pushed back into crisis. As in the past, we will consult with international organizations such as the WFP and with our allies, and will make any decision on additional humanitarian assistance based on demonstrated need and subject to strict monitoring. At the same time, we will continue to urge the DPRK to carry out the kinds of agricultural and economic reforms that could lead it toward improvement of its ability to feed itself.

Other Areas of Concern

We remain committed to addressing other issues of concern with the DPRK. We will urge improvement in the DPRK's dismal human rights record, and we will support UNHCR's efforts to address the plight of North Korean refugees. We will pursue our serious concerns about the DPRK's chemical and biological weapons programs as well as alleged North Korean drug trafficking and other illegal activities.

I am also personally committed to ensuring that we resolve as fully as possible the status of the American soldiers who remain unaccounted-for from the Korean War. The DPRK has been cooperative on this issue in the past, but the current lack of progress is a severe disappointment. This is a very important issue for veterans and the families of those still missing, as well as the American people, and we have an obligation to continue to press the DPRK to work with us on this humanitarian issue.

Concluding Remarks

Let me stress that we are attempting to pursue a constructive dialogue with the DPRK that addresses our central security concerns and leads us more rapidly down the path toward full normalization. The Cold War still exists on the Korean Peninsula -- we hope that our dialogue will be the first step toward ending it. We are under no illusions that it will be an easy path. We recognize fully that everything we and our allies do in our diplomacy requires the maintenance of strong allied deterrent posture. This is fundamental. Congress's support of our forces in the region remains essential. The presence of 37,000 U.S. troops in South Korea and 47,000 in Japan demonstrates our commitment to stand with our allies against any threat of aggression. With our South Korean and Japanese allies, however, we believe that this comprehensive, two-path strategy recommended by Dr. Perry offers the best opportunity to change the stalemated situation on the Korean Peninsula in a fundamental and positive way. Through these efforts, we hope to lead the Korean Peninsula to a stable, peaceful and prosperous future.

In closing, I would like to cite a senior American military leader on the Korean peninsula who told me during my most recent trip there that, "When I came here 18 months ago, I thought I would have to fight a war. Thanks to the efforts of your team, I see this as an increasingly remote possibility." Making war an increasingly remote possibility, working to address our concerns about weapons of mass destruction, and addressing pressing human needs -- these are challenging, hard to achieve objectives. It will take time to accomplish them. I know, however, that we share these goals and, working together, I believe we can and will succeed in this mission.